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# THE GOVERNMENT AND THE NEWS-PRINT PAPER MANUFACTURERS

## SUMMARY

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THE activities of the Federal government with respect to the news-print paper industry furnish an interesting chapter in economic history, the record of which is not yet complete. During the five year period from 1910 to 1915 conditions in the industry were not altogether satisfactory from the standpoint of the manufacturers. New mills were being built in Canada more rapidly than was necessary to supply the United States market, stocks were increasing and prices were showing a tendency to decline. In an effort to change conditions the leaders in the industry in April, 1915, organized an association which included in its membership most of the manufacturers in the United States and Canada. The management of the association was delegated to a secretary and an executive committee composed of five of the largest manufacturers. A statistical service was instituted and the collection and dissemination of in-

formation of interest to the industry was begun. But the activities of the leaders did not stop here. They desired to control conditions and actively discouraged competition among members by methods which in the opinion of the Federal Trade Commission and the Department of Justice transcended legitimate activities and constituted a violation of the Sherman law.

Such was the situation in the industry when the rise in the prices of news-print paper began in the spring of 1916. At the first signs of this advance newspaper publishers sought the assistance of the Federal government, thereby starting a contest with the manufacturers which has only just been settled and in which at different times the Congress, Federal Trade Commission and Department of Justice have taken a hand. While economic causes were partly responsible for the increase in prices, nevertheless the manufacturers by their activities undoubtedly contributed to the advance and in so doing laid themselves open to governmental action.

## I

### THE FEDERAL TRADE COMMISSION'S INVESTIGATION; ITS ARBITRATION

In April, 1916, a resolution was passed by the Senate directing the Federal Trade Commission to ascertain the reasons for the advance in print paper prices. The results of the Commission's investigation were submitted to the Senate in a preliminary report dated March 3, 1917, and a final report dated June 13, 1917.<sup>1</sup> It will be convenient to state summarily some of the more important general facts concerning the industry brought out by the investigation.

<sup>1</sup> Senate Doc. No. 3, 65th Cong., special session; Senate Doc. No. 49, 65th Cong., 1st session, also printed as Report of the Federal Trade Commission on the News-Print Paper Industry.

The domestic consumption of news-print paper in 1915 was about 1,575,000 tons and in 1916 about 1,774,000, an increase of 12.6 per cent, or nearly double the average annual increase for the five years preceding. Of the quantity consumed, Canada supplied about 23 per cent in 1915 and 26 per cent in 1916, the remainder being obtained from domestic mills. The bulk of the tonnage was consumed by some 2500 daily newspapers, most of whom bought on contracts covering a year's supply. Some of these newspapers used more than 100 tons a day. A relatively small part was consumed by some 17,000 weekly newspapers, which generally purchased their supplies in small quantities from middlemen.

From 1910 to 1915 inclusive the news-print paper industry in the United States had been practically stationary and only the mills advantageously located earned satisfactory profits. In contrast, the industry in Canada grew rapidly during this period and was generally in a prosperous condition. This was due to the fact that the Canadian mills enjoyed natural advantages in respect to cheap wood and cheap water power, both of which are essential to the success of this industry. The removal of tariff duties on imports of news-print paper from Canada in 1911<sup>1</sup> permitted the Canadian mills to enjoy the full benefit of this natural advantage, which during the last decade has amounted to about \$4.50 a ton on the average.

During most of the above period the advantage lay with the publisher. There was an abundance of news-print paper, and prices were low and showed a downward trend. Active competition existed among

<sup>1</sup> This provision of the Reciprocity Act remained in effect, even tho the measure was rejected by Canada. The Tariff Act of 1913 removed the duty on imports of printing paper from all countries, if of a value not in excess of \$2.50 per hundred pounds.

manufacturers not only with respect to price but also with respect to quality and service. In many cases the manufacturers provided storage and cartage facilities, delivering the paper on the publisher's sidewalk. The terms of contracts were liberal and the elastic tonnage specifications and low price of paper caused publishers, as a general rule, to be extravagant and wasteful in its use.

In April, 1915, as noted above, the news-print manufacturers organized an association through which they endeavored to control conditions in the industry. Overproduction and competition among manufacturers were actively discouraged and the terms of contracts made during the last half of 1916 were so changed that all of the expenses of delivery previously borne by the manufacturers were placed upon the publishers.

During the year 1916 important changes occurred in conditions affecting the news-print industry and these changes, as the Commission's reports show, were responsible in part for the rise in the prices of news-print paper. The year was one of unprecedented prosperity in almost all lines of business. This caused a large expansion in the volume of advertising, forcing publishers to increase the number of printed pages of each issue. The circulation of newspapers also increased on account of the interest aroused by the war news. Both factors led to a substantial increase in the consumption of paper.

The large newspapers with their liberal contracts demanded more and more tonnage from the manufacturers, and since they were protected as to price found at first little inducement to effect economies. When their requirements were not satisfied by deliveries on contract they went into the open market and bid against other buyers for additional tonnage. Since they

obtained the bulk of their paper on contract at low prices they could afford to pay high prices for the extra tonnage without materially raising the average cost of their entire supply. Exports of news-print paper also increased on account of the shortage of paper in foreign markets and the fancy prices offered by foreign buyers. The result was that the open market, upon which the large number of small publications depended, was literally starved, and current prices rose rapidly.

The prosperous conditions in the United States and the shortage of paper in foreign markets also led to a greatly increased consumption and exportation of almost all the other grades of paper, resulting in an advance in their prices similar to that which occurred in news-print. There was therefore no inducement for mills to shift machines from these other grades to news-print. The tendency was rather in the opposite direction, since, temporarily at least, profits per ton were often larger on these grades.

Altho the machines running on news-print paper, both in the United States and Canada, were speeded up to the utmost, they were unable to supply the demand, and since it was impossible to build new mills or install new machines in existing mills quickly, output was practically limited to that attainable with the then existing mill equipment. The only new machines to begin operating in 1916 were those the construction of which was well under way before the abnormal conditions arose.

During the first half of 1916 the cost of production in some mills began to increase. In other mills, however, the trend of costs continued downward, so that the average for the United States and for Canada remained about the same as that for the year 1915. Costs were kept down by the fact that the large mills were using wood and other materials bought at the low prices pre-

vailing in 1915 and were curtailing the use of chemicals and color as their cost increased. The increased production also tended to reduce the unit cost. In the second half of 1916, however, there was a general increase in cost, which was accentuated at the close of the year by car shortage and other abnormal conditions. Manufacturers in many instances were unable to obtain deliveries of coal and other supplies on contract and were obliged to make purchases at the much higher market prices.

Many of the larger publishers did not feel the effects of the rising prices until the end of 1916, when their favorable contracts expired. The conditions of the market at this time were most unfavorable to them for negotiating renewals, since a large number of contracts were expiring and panic prices prevailed in the open market. These conditions made it possible for the manufacturers to renew contracts at prices which were excessive as compared with costs and which assured them of very large profits for the year 1917. As noted above, the members of the association were also able to change the terms of contracts so as to throw additional burdens upon the publishers. The seriousness of the situation was intensified by the fact that some companies took advantage of the opportunity at this time to shift their machines to other grades of paper or to sell their mills, forcing their former customers to seek tonnage in the open market.

The scarcity of paper in the open market and the excessively high prices threatened the suspension of the smaller newspapers, and the burdens placed upon the larger publishers by the increase in the contract price meant in many cases heavy losses unless there was a general readjustment in advertising and subscription rates and the prompt adoption of drastic economies.

Some publishers were able to make these changes while others were not.

In connection with its investigation, the Federal Trade Commission endeavored to find some immediate solution for the serious situation confronting publishers at the end of 1916. Since it had no power under the law to regulate prices, relief could only come through the voluntary coöperation of the interested parties. Its efforts to secure such action were at first unsuccessful because of the conflicting interests among publishers and the fact that the manufacturers were not eager to join in any plan which would require them to give up any of their advantage. But when, as is pointed out below, the Department of Justice became active and instituted proceedings under the criminal sections of the Sherman law, the leaders in the industry formulated and presented to the Commission a proposition for arbitrating the question of price, according to which it should find, fix and determine the maximum prices of their output of standard news-print paper for the six months' period beginning March 1, 1917.<sup>1</sup> The Commissioners as individuals consented to act as arbitrators, having first ascertained from the publishers and jobbers interested that they were willing to join in the plan.

<sup>1</sup> The language of the essential parts of this submission was as follows:

"Whereas among manufacturers and publishers there are differences of opinion regarding the increase since January, 1916, in the cost of production of news-print paper in the United States, and regarding the increased prices to which manufacturers are entitled for news-print paper sold for use in the United States for the six months' period beginning March 1, 1917, taking into consideration the increase in their cost of production and other conditions affecting such manufacturers; and

Whereas the undersigned manufacturers are desirous of coöperating in any plan that may be approved by the Federal Trade Commission providing for a more effective distribution of news-print paper among the smaller publishers; and

Whereas the undersigned manufacturers are desirous of submitting these matters to the arbitration of the Federal Trade Commission:

Now, therefore, Each of the undersigned does hereby request the Federal Trade Commission to find, fix, and determine forthwith —

(a) The probable or estimated increased cost of production of standard news-print paper in the United States during the period of time commencing March 1, 1917, and ending September 1, 1917, over the cost of production of news-print paper in the United States during the year 1916.



On March 3, 1917, the Commission announced its award in the arbitration, fixing \$2.50 per 100 pounds as a fair and reasonable price for roll news in car lots, with the privilege of readjustment at the end of three months if conditions warranted. The contract customers of the signatory manufacturers were then asked to sign the following agreement:

With the understanding that the price in my contract with the — company for the purchase of standard news-print paper be reduced to \$2.50 per one hundred pounds f. o. b. mill for the period March 1, 1917, to September 1, 1917, unless readjusted by the Federal Trade Commission after the expiration of three months from March 1, I hereby agree to release each month 5 per cent of the tonnage I have contracted for and authorize the above company to resell the paper thus released under such restrictions as may be imposed by the Commission acting as arbitrator for the purpose of having it go only to publishers who do not now have contracts covering such six months period of time. I also agree that during this period I will not purchase any paper in addition to that already contracted for, unless it becomes absolutely necessary to meet my actual requirements, and in case such additional purchases are made, I agree to report at once to the Commission for each purchase the quantity purchased, price paid, name of seller and reasons for the purchase. Further, I agree during this period to discontinue the privilege of returns and eliminate waste in every way possible. I understand that failure to conform to the spirit of this agreement may result in a forfeiture of the reduction in price.

It was the intention of the Commission to distribute the surplus tonnage released by the contract publishers among the publishers without contracts who were in need of assistance. Many of the contract publishers would have experienced difficulty in releasing 5 per cent of their contract tonnage as required by the agreement,

(b) What price per hundred pounds at the mill would be a fair and reasonable price for the sale of such paper for use in the United States during the aforesaid period of time from March 1, 1917, to September 1, 1917, taking into consideration such increased cost of production and other conditions affecting respective manufacturers which the Commission may deem pertinent at this time."

Report of the Federal Trade Commission on the News-Print Paper Industry, pp. 135-137.

having already had their tonnage for 1917 considerably reduced. Nevertheless a majority of them signed the agreement, so that it looked as if the plan would succeed. The jobbers who distributed paper to the smaller publishers also agreed to coöperate in the plan of relief and signed an agreement with the Commission fixing their rates of profit on the news-print paper allotted to them for distribution.

After the Commission had gone this far with the plan one complication after another arose, which caused delay in putting it into operation and which finally wrecked it altogether. Apparently the manufacturers were dissatisfied with the price determined by the Commission. It also appears that a much larger number of publishers signed the above agreement than was anticipated by the manufacturers so that the reduction in price to the \$2.50 basis on the aggregate tonnage would have caused a substantial decrease in their earnings. A difference of opinion arose between the Commissioners and the manufacturers as to the exact meaning and scope of some of the provisions of the submission. Furthermore, only the contract customers of the seven manufacturers who joined in the agreement would have been directly benefited by it. Some of the newspapers who would not be benefited were large and influential.

Most important of all, the manufacturers in signing the agreement had evidently assumed that the Department of Justice would discontinue the grand jury proceedings against them for violation of the Sherman law. In this they were disappointed, for the Attorney-General, having begun the suit, apparently saw no reason why he should not continue it until a decision was reached. He did continue it, and in April, 1917 secured indictments against the principal signatory manufacturers. After the indictments were brought against

them several of the manufacturers withdrew from the arbitration, claiming that acceptance was optional on their part, and the others did not give their customers the benefits of the reduced prices determined by the Commission.

As the Commission had no power to enforce the agreement, it became a dead letter. Some of the publishers who assented to the terms of the arbitration, however, have since taken the view that they entered into a legal and binding contract with the manufacturers through the agency of the Federal Trade Commission, the consideration being the offer to release 5 per cent of their contract tonnage each month. If this view should be upheld in the courts there is the prospect that the signatory manufacturers may be obliged to return to their contract customers who signed the agreement, the difference between the \$2.50 price and the price actually charged during the six months' period. While no suits for recovery have as yet been brought by publishers, one of them at least, has had the foresight to withhold the difference between the \$2.50 price and the price actually charged, thereby placing upon the manufacturer the burden of bringing suit. The amount involved in this one case exceeds \$50,000, and should all of the other publishers who were parties to the agreement file suits, the amount involved would run into millions.

In addition to its efforts to bring relief through the arbitration agreement, the Commission was able through the coöperation of two manufacturers, the Berlin Mills Company, Portland, Maine, and the Northwest Paper Company, Cloquet, Minn., to give the smaller publishers considerable assistance. These two manufacturers at considerable sacrifice of profits placed their surplus tonnage at the disposal of the Com-

mission at the Commission's price of \$3.25 f. o. b. mill for sheet news-print in car load lots. This was distributed as widely as possible through jobbers and associations of publishers, and altho the tonnage was far from being sufficient to supply the demand, it exercised a potent influence upon the market price in every locality where it was distributed and probably prevented a large number of small publishers from suspending publication.

## II

### PROCEEDINGS BY THE DEPARTMENT OF JUSTICE

In connection with its investigation the Federal Trade Commission obtained a considerable mass of evidence from the correspondence files of manufacturers, tending to show that the leaders in the industry had been actively engaged in suppressing competition. Apparently a tacit understanding existed among members of the association that they would not interfere with one another's customers and it was the secretary's duty to see that this understanding was not violated. In 1915 efforts were made by the leaders to curtail production with the result that the stocks on hand at the beginning of 1916 were smaller than they had been for some time previous. Attempts were also made to prevent or discourage the building of new mills, and the tonnage of two new Canadian mills was prorated among the leaders in order to keep it out of the open market. Various other practices of similar nature were disclosed.

The evidence obtained by the Commission was brought to the attention of the Department of Justice in January, 1917. In view of the nature of the evidence the Commission chose this course rather than proceeding under its own powers as it might have

done.<sup>1</sup> The Department of Justice immediately began proceedings against the manufacturers before a Federal Grand Jury for the Southern District of New York, which found indictments against seven of them on April 11, 1917. These seven indicted manufacturers comprised the five members of the executive committee of the association and two other persons who had been very active in promoting a control of the industry.

The trial of the indicted manufacturers was set for October but was later postponed until November, 1917. When the case came to trial, a settlement was reached with the government. Five of the individual defendants entered the plea of *nolo contendere* and nominal fines were imposed upon them by the court. Conditional on the acceptance of this plea, they signed an agreement with the Department of Justice which provided among other things that the price of their standard news-print paper should be \$3.00 per 100 pounds f. o. b. mill from January 1, 1918 to April 1, 1918, after which date the price and terms of sale of any and all news-print paper sold to publishers in the United States should be determined by the Federal Trade Commission for the duration of the war and three months thereafter.<sup>2</sup> In the case of the Minnesota and Ontario

<sup>1</sup> In dealing with the Book Paper Manufacturers' Statistical Bureau, the Commission proceeded under its own powers, filing a formal complaint against the members of the organization charging them with certain practices in violation of section 5 of the Federal Trade Commission act and ordering them to cease and desist from those practices. The practices complained of, however, were not as effective restraints of trade as those employed by the news-print manufacturers. The book paper manufacturers agreed to disband the Bureau and cease the practices complained of.

<sup>2</sup> This agreement reads in part as follows:

"Second: The price of news-print paper on the basis of 24x36 inches in size weighing approximately thirty-two pounds per five hundred sheets, on all new contracts from now to January 1, 1918, and on all contracts in existence on January 1, 1918, or made thereafter, and on all sales and deliveries, in the United States, shall not exceed the following amounts:

(a) From January 1, 1918, until April 1, 1918, for such news-print paper in rolls, \$3.00 per hundred pounds f. o. b. at the mill in car load lots, and \$3.25 per hundred pounds f. o. b. at the mill in less than car load lots, and for such news-print paper in

Power Company and its subsidiary the Commission was authorized to determine the maximum prices beginning January 1, 1918. Thus after a lapse of some months the Commission was again brought into the case, and for the duration of the war will be engaged in determining maximum prices of news-print paper.

The Department of Justice also filed a petition in equity against the corporate defendants belonging to the association on November 26, 1917, praying for the dissolution of the association as a combination in restraint of trade and in violation of the Sherman law. On the same date the court with the consent of the individual defendants who composed the executive committee rendered a final decree ordering the dissolution of the association and enjoining the members from concerted activities in restraint of trade in the future. The decree of the court was sweeping. It forbade the defendant corporations from entering into an unlawful combination in restraint of trade; declared the News-Print Manufacturers' Association to be an unlawful combination and dissolved it; enjoined the defendants from engaging in any like combination for the restriction of competition, or the establishment of uniform prices by concert of action; and made the injunctions binding upon the officers, directors and agents of the corporations, as well as upon the corporations themselves.

At a meeting held in New York on December 12, the members of the association adopted a resolution ratifying the action of the executive committee, thereby carrying out the decree of the court. A committee was

sheets \$3.50 per hundred pounds f. o. b. at the mill in car load lots and \$3.75 per hundred pounds f. o. b. at the mill in less than car load lots. The foregoing subdivision (2-a) shall not apply to the Minnesota and Ontario Power Co., nor the Fort Frances Pulp and Paper Co., Ltd.; but as to said two companies, the Federal Trade Commission, after due hearing and investigation and subject to review as provided in subdivision 2-b, shall fix the just and reasonable maximum prices and terms of contract for said two companies from January 1, 1918 until April 1, 1918, effective January 1, 1918."

also appointed to prepare plans for a new association which should meet the approval of the Department of Justice.

### III

#### OTHER DEVELOPMENTS

When the efforts of the Federal Trade Commission to bring relief to publishers by the voluntary coöperation of the interested parties failed, it recommended to Congress the enactment of legislation providing for governmental supervision of the production and distribution of print paper and of mechanical and chemical pulp for the duration of the war.<sup>1</sup> These recommendations were as follows:

By reason of this condition, and because of the vital interest to the public of an efficient dissemination of news in this crisis, the Commission recommends as a war emergency measure that Congress by appropriate legislation provide:

(1) That all mills producing and all agencies distributing print paper and mechanical and chemical pulp in the United States be operated on Government account; that these products be pooled in the hands of a Government agency and equitably distributed at a price based upon cost of production and distribution plus a fair profit per ton.

(2) That pursuant thereto some Federal agency be empowered and directed to assume the supervision and control thereof during the pendency of the war.

(3) That, by reason of the fact that approximately 75 per cent of the production of news-print paper in Canada comes into the United States, proper action be taken to secure the coöperation of the Canadian Government in the creation of a similar governmental agency for the same function, which shall be clothed with power and authority to act jointly with the governmental agency of the United States for the protection of the consumers and manufacturers of print paper and the public of the United States and Canada.

(4) That, in case the Canadian Government shall not join in such a coöperative enterprise, then importation of paper and mechanical

<sup>1</sup> Letter of submittal of Report of the Federal Trade Commission on the News-Print Paper Industry, pp. 12, 13.

and chemical pulp into the United States shall be made **only** on Government account to or through the Federal agency charged with such supervision and distribution.

Bills embodying substantially these recommendations were introduced into both Houses of Congress during the fall of 1917 but the pressure of war legislation prevented any action. At the close of the session, in October, 1917, a bill introduced by Senator Smith, of Arizona, was reported favorably by the Senate Committee on Printing, of which he is chairman. This bill was made the unfinished business of the Senate in January, 1918, and when it came to a vote on January 15 was defeated by a close margin. The House has not yet taken action on any of the bills of similar nature introduced during the present Congress.

The Smith bill would have given the Commission much greater control over the news-print industry than it has under the agreement made by the Department of Justice, which only gives it control over the prices of the few signatory companies. As long as there is a plentiful supply of paper, this power is sufficient for the protection of publishers; but should another period of scarcity occur the Commission would be unable to cope with the situation unless given the power to regulate distribution. The Smith bill would also have given the Commission control over the production and distribution of chemical and mechanical pulp, which is essential to successful supervision since they are the principal materials used in the manufacture of news-print paper.

In carrying out the provisions of the agreement which the manufacturers entered into with the Department of Justice the Federal Trade Commission has prepared a form of cost report which each manufacturer is to file monthly during the life of the agreement. This will



enable the Commission to follow the trend of costs closely and make such adjustments in price as from time to time may seem necessary. Supplementary information relative to the determination of prices will be presented to the Commission by the manufacturers and other interested parties at hearings which have already (January, 1918) begun. The experience of the Canadian Commissioner of paper and pulp in determining news-print prices in Canada indicates that there are some knotty problems to be solved by the Federal Trade Commission in arriving at what is a just and reasonable price for the sale of news-print paper in the United States. The problem is complicated by the fact that it is impossible in the case of some companies to ascertain the actual investment in the business, on account of reorganizations, amalgamations, and the like.

Anticipating the dissolution of the News-Print Manufacturers' Association, the Federal Trade Commission in September, 1917, instituted a news-print statistical service. The manufacturers were required to file weekly reports showing the results of operations and monthly reports showing the distribution of their output and the prices charged. The jobbers handling news-print, and all publishers having a circulation in excess of 5,000 copies, were also required to file monthly reports. A similar service was later instituted for the book paper industry, whose statistical bureau was dissolved in October, 1917. These reports place the government in possession of accurate information regarding the two industries. The results are also summarized and made public at frequent intervals.

Altho the Commission's statistical service has only been in existence a short time it has already been demonstrated that the information is more complete and more accurate and also more expeditiously obtained than that previously collected by the associations.

Some interesting questions are raised by the developments in the news-print paper industry as briefly outlined above. Do they not demonstrate that in the long run it is detrimental to the interests of both publishers and manufacturers to be engaged in a contest, in which during one year one side has an undue advantage and during the next year the other? Avoidance of such abnormal variations in prices and profits in the industry would seem to be advantageous not only to manufacturer and publisher but also to the reading public.

If it was unwise for the newspaper publishers prior to 1916 to push their advantage to the detriment of the manufacturers, was it not equally unwise and short-sighted for the manufacturers, when they had secured the advantage, to exact excessively high prices from the publishers? All the consequences of this policy cannot yet be accurately foreseen. It has already led to a more effective organization of the larger publishers, who are now actively engaged not only in increasing the supply of paper by building new mills and importing paper from Newfoundland, but also in decreasing consumption by the introduction of economies and the elimination of waste in printing. Incidentally the increase in advertising and subscription rates, and the suspension of numerous publications forced by the rising cost of paper, have contributed to the curtailment of consumption. The manufacturers are now confronted by a period of declining prices and rising costs, which if left to run its course may result in substantial losses. In addition they are confronted by the possibility of numerous suits to recover damages and in the case of the leaders by governmental price fixing during the period of the war.

It is worthy of note that one or two independent companies did not follow the policy adopted by the manufacturers in the association, but pursued the much wiser

course of maintaining a reasonable relation between prices and costs, and in so doing have acquired a good will among publishers which will doubtless be of material assistance in keeping their mills running at full capacity when other companies are closing down machines for lack of orders.

The unfortunate experience of the News-Print Manufacturers' Association raises the question whether trade associations which are active in the promotion of the interests of their members are not likely, sooner or later, to run counter to the Sherman law. At present there is not a sufficiently clear definition of the activities which associations may not legitimately engage in. Every association is left free to pursue its course until some trouble arises and the government is brought into the case. But this may be after the damage has already been done. Where associations collect and distribute information regarding production, stocks, prices, the temptation becomes very great for members to extend their activities to the point where in the eyes of the law there is concerted action in restraint of trade.

Other disadvantages of trade associations from the standpoint of the public are that they rarely embrace all of the concerns in an industry, so that the statistics collected are not complete, and since such statistics are available, as a rule, only to the members of the association, these have a distinct advantage in the sale of their product over non-members and the consuming public.

The Federal Trade Commission in its annual report for 1917 recommends as a remedy for abuses arising out of the activities of trade associations that all association files be made public records. It also emphasizes the necessity for having more prompt and accurate information, especially regarding the important basic industries,

and suggests that it is the duty of the government to collect and make available to all interested parties accurate data regarding the production, stocks, prices, of such industries. The success of the Commission's experiments in furnishing a statistical service for two branches of the paper industry indicates that such procedure is entirely practicable as a government undertaking, and it may be expected that as the need for more accurate information regarding various industries is realized the scope of this work will be extended.

E. O. MERCHANT.

WASHINGTON, D. C.